

REF1: RE: Utah Board of Oil, Gas and
REF2: Mining and Union Carbide Corp.
REF3: and its wholly-owned subsidiary
REF4: Umetco Mineral Corporation Mined-
REF5: Lands Reclamation Contracts

Wayne Spelling



m/037/025

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D C 20549
FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 1994

OR

() TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 1-1463

UNION CARBIDE CORPORATION
(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of
incorporation or organization)

13-1421730
(I.R.S. Employer
Identification No.)

39 Old Ridgebury Road, Danbury, CT
(Address of principal executive offices)

06817-0001
(Zip Code)

203-794-2000
Registrant's telephone number, including area code

(Former name, former address and former fiscal year,
if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to
such filing requirements for the past 90 days. Yes X No _____

Indicate the number of shares outstanding of each of the issuer's classes of
common stock, as of the latest practicable date.

Class
Common Stock, \$1 par value

Outstanding at July 31, 1994
149,895,565 shares

Total number of sequentially numbered pages in this filing,
including exhibits thereto: 16

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PART I. FINANCIAL INFORMATION

UNION CARBIDE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Millions of dollars (Except per share figures) Quarter ended June 30,	
	<u>1994</u>	<u>1993</u>
NET SALES	\$ 1,177	\$ 1,244
Deductions (additions)		
Cost of sales, exclusive of depreciation and amortization shown separately below	906	969
Research and development	33	38
Selling, administration and other expenses*	72	94
Depreciation and amortization	67	68
Interest on long-term and short-term debt	20	16
Other expense (income) - net	(7)	4
INCOME BEFORE PROVISION FOR INCOME TAXES	86	55
Provision for income taxes	25	18
INCOME OF CONSOLIDATED COMPANIES	61	37
Plus: UCC share of net income from corporate investments carried at equity	12	4
NET INCOME	73	41
Preferred stock dividend, net of taxes	3	3
NET INCOME - COMMON STOCKHOLDERS	\$ 70	\$ 38
Earnings per common share		
Primary	\$ 0.44	\$ 0.24
Fully diluted	\$ 0.42	\$ 0.24
Cash dividends per common share	\$ 0.1875	\$ 0.1875

* Selling, administration and other expenses include:

Selling	\$ 31	\$ 38
Administration	26	34
Other expenses	15	22
	<u>\$ 72</u>	<u>\$ 94</u>

The Notes to Condensed Consolidated Financial Statements on Pages 7 through 9 should be read in conjunction with this statement.

UNION CARBIDE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Millions of dollars (Except per share figures) <u>Six Months ended June 30,</u>	
	<u>1994</u>	<u>1993</u>
NET SALES	\$ 2,303	\$ 2,437
Deductions		
Cost of sales, exclusive of depreciation and amortization shown separately below	1,762	1,861
Research and development	65	75
Selling, administration and other expenses*	144	185
Depreciation and amortization	134	144
Interest on long-term and short-term debt	36	41
Other expense - net	<u>-</u>	<u>16</u>
INCOME BEFORE PROVISION FOR INCOME TAXES	162	115
Provision for income taxes	<u>48</u>	<u>38</u>
INCOME OF CONSOLIDATED COMPANIES	114	77
Plus: UCC share of net income from corporate investments carried at equity	<u>22</u>	<u>6</u>
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	136	83
Cumulative effect of change in accounting principle	<u>-</u>	<u>(97)</u>
NET INCOME (LOSS)	136	(14)
Preferred stock dividend, net of taxes	<u>5</u>	<u>5</u>
NET INCOME (LOSS) - COMMON STOCKHOLDERS	<u>\$ 131</u>	<u>\$ (19)</u>
Earnings per common share		
Primary		
- Income	\$ 0.83	\$ 0.52
- Cumulative effect of change in accounting principle	\$ -	\$ (0.66)
- Net income (loss) - common stockholders	\$ 0.83	\$ (0.14)
Fully diluted	\$ 0.79	\$ -
Cash dividends per common share	\$ 0.375	\$ 0.375

* Selling, administration and other expenses include:

Selling	\$ 61	\$ 72
Administration	53	66
Other expenses	<u>30</u>	<u>47</u>
	<u>\$ 144</u>	<u>\$ 185</u>

The Notes to Condensed Consolidated Financial Statements on Pages 7 through 9 should be read in conjunction with this statement.

UNION CARBIDE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET

	<u>Millions of dollars</u>	
	<u>June 30,</u>	<u>Dec. 31,</u>
	<u>1994</u>	<u>1993</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 57	\$ 108
Notes and accounts receivable	837	689
Inventories:		
Raw materials and supplies	112	104
Work in process	49	52
Finished goods	<u>233</u>	<u>229</u>
	394	385
Prepaid expenses	<u>206</u>	<u>247</u>
Total current assets	<u>1,494</u>	<u>1,429</u>
Property, plant and equipment	5,741	5,626
Less: Accumulated depreciation	<u>3,307</u>	<u>3,206</u>
Net fixed assets	<u>2,434</u>	<u>2,420</u>
Companies carried at equity	463	437
Other investments and advances	<u>86</u>	<u>137</u>
Total investments and advances	<u>549</u>	<u>574</u>
Other assets	<u>337</u>	<u>266</u>
Total assets	<u>\$4,814</u>	<u>\$4,689</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Accounts payable	\$ 316	\$ 310
Short-term debt	120	24
Payments to be made within one year on		
long-term debt	12	11
Accrued income and other taxes	144	189
Other accrued liabilities	<u>594</u>	<u>662</u>
Total current liabilities	<u>1,186</u>	<u>1,196</u>
Long-term debt	898	931
Postretirement benefit obligation	496	489
Other long-term obligations	512	379
Deferred credits	232	230
Convertible preferred stock	148	150
Unearned employee compensation	(107)	(114)
UCC stockholders' equity:		
Common stock authorized - 500,000,000 shares		
Common stock issued - 154,609,669 shares	155	155
Additional paid-in capital	339	366
Equity adjustment from foreign currency		
translation	(75)	(84)
Retained earnings	<u>1,140</u>	<u>1,067</u>
	1,559	1,504
Less: Treasury stock, at cost-4,833,513 shares		
(4,062,189 shares in 1993)	<u>110</u>	<u>76</u>
Total UCC stockholders' equity	<u>1,449</u>	<u>1,428</u>
Total liabilities and stockholders' equity	<u>\$4,814</u>	<u>\$4,689</u>

The Notes to Condensed Consolidated Financial Statements on Pages 7 through 9 should be read in conjunction with this statement.

UNION CARBIDE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Millions of dollars	
	Six Months ended June 30,	
	1994	1993
	Increase (decrease) in cash and cash equivalents	
OPERATIONS		
Income before accounting change	\$ 136	\$ 83
Noncash charges (credits) to net income		
Depreciation and amortization	134	144
Deferred income taxes	25	21
Other noncash charges (credits)	2	1
Investing debits to net income	(13)	13
Working capital(a)	(243)	(188)
Long-term assets and liabilities	58	15
Cash Flow From Operations	99	89
INVESTING		
Capital expenditures	(156)	(116)
Investments	(38)	(25)
Sale of investments	86	-
Sale of fixed and other assets	1	15
Cash Used for Investing	(107)	(126)
FINANCING		
Change in short-term debt (three months or less)	96	(89)
Repayment of short-term debt	-	(36)
Proceeds from long-term debt	-	320
Repayment of long-term debt	(32)	(218)
Issuance of common stock	42	38
Repurchase of common stock	(90)	(23)
Payments of dividends	(64)	(60)
Other	5	(1)
Cash Flow Used for Financing	(43)	(69)
Effect of exchange rate changes on cash and cash equivalents	-	(1)
Change in cash and cash equivalents	(51)	(107)
Cash and cash equivalents beginning-of-period	108	171
Cash and cash equivalents end-of-period	\$ 57	\$ 64
Cash paid for interest and income taxes		
Interest (net of amount capitalized)	\$ 54	\$ 50
Income taxes	\$ 40	\$ 36

(a) Net change in working capital by component (excluding cash and cash equivalents, deferred income taxes and short-term debt):

(Increase) decrease in current assets		
Notes and accounts receivable	\$ (125)	\$ (108)
Inventories	(14)	14
Prepaid expenses	7	42
Decrease in payables and accruals	(111)	(136)
Working capital	\$ (243)	\$ (188)

The Notes to Condensed Consolidated Financial Statements on Pages 7 through 9 should be read in conjunction with this statement.

UNION CARBIDE CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated Financial Statements

In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments necessary for a fair statement of the results for the interim periods. These adjustments consisted of only normal recurring adjustments. On April 27, 1994, stockholders voted to approve the merger of Union Carbide Corporation into Union Carbide Chemicals and Plastics Company Inc. (UCC&P). The merger was effective May 1, 1994. Immediately after the merger, UCC&P had the same consolidated assets, liabilities and stockholders' equity as the corporation. UCC&P has changed its name to Union Carbide Corporation. All references to Union Carbide Corporation, the corporation or UCC after the periods starting May 1, 1994 shall be a reference to the merged company. The accompanying statements should be read in conjunction with the Notes to Financial Statements of Union Carbide Corporation and Subsidiaries ("the corporation") in the 1993 annual report to stockholders.

2. Union Carbide Corporation, EniChem SpA, to Form Joint Venture

On August 1, 1994 the corporation and EniChem SpA, Milan, Italy, ("EniChem") jointly announced that they intend to form a 50-50 joint venture to produce and market polyethylene in Europe. The two companies have signed a memorandum of understanding, and are proceeding with negotiation of definitive agreements. They anticipate a first quarter 1995 start up of the venture following European Community approval. Under the proposed agreement, the new company will own EniChem's existing polyethylene operations in Italy, France and Germany, EniChem's interest in olefins crackers at Brindisi, Italy and Dunkirk, France, and build a facility at Brindisi utilizing UCC's UNIPOL PE process technology.

3. Common Stock

On July 27, 1994 the Board of Directors announced that it had authorized the repurchase of an additional 10 million shares of UCC common stock, bringing the total number authorized for repurchase to 20 million. The repurchase program, which began in the first quarter of 1993, is being carried out over an unlimited period in order to minimize future earnings dilution due to common stock requirements under certain employee benefit plans. Through June 30, 1994, the corporation had repurchased 7,181,600 shares at an average effective price of \$22.04 per share.

In conjunction with the corporation's common stock buyback program, put options were sold in a series of private placements entitling the holders to sell 3,775,000 shares of common stock to UCC, at specified prices if the holders exercise the options. Since the inception of this program, through June 30, 1994, options representing 3,013,800 common shares expired unexercised and options representing 36,200 shares were exercised at \$868,800, or \$24.00 per share. Options representing 725,000 shares remain outstanding at June 30, 1994. Premiums received on these options reduced the average price of repurchased shares to \$22.04 per share from \$22.38 per share.

4. Commitments and Contingencies

The corporation has entered into three agreements for the purchase of ethylene related products and two agreements for the availability of terminal storage from facilities located in the U.S. and Canada. The net present value of the fixed and determinable portion of these obligations at June 30, 1994 totaled \$453 million.

The corporation is subject to loss contingencies resulting from environmental laws and regulations, which include obligations to remove or mitigate the effects on the environment of the disposal or release of certain wastes and substances at various sites. The corporation has established accruals for those hazardous waste sites where it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. The reliability and precision of the loss estimates are affected by numerous factors, such as different stages of site evaluation, the allocation of responsibility among potentially responsible parties and the assertion of additional claims. The corporation adjusts its accruals as new remediation requirements are defined, as information becomes available permitting reasonable estimates to be made, and to reflect new and changing facts.

At June 30, 1994, the corporation had established environmental remediation accruals in the amount of \$280 million. Approximately 28 percent of the corporation's environmental accrual at June 30, 1994 pertained to closure and postclosure costs for both operating and closed facilities. In addition, the corporation had environmental loss contingencies of \$135 million.

The corporation had additional contingent obligations at June 30, 1994 of \$103 million, principally related to guarantees of debt, litigation costs and discounted receivables from customers.

During the first quarter of 1994, the corporation reduced the carrying value of its stock in Union Carbide India Ltd. to zero. See Note 17 of Notes to Financial Statements in the corporation's 1993 Annual Report to Stockholders for information about suits and proceedings arising from or related to the December 3, 1984 methyl isocyanate incident at the plant at Bhopal, India, owned and operated by Union Carbide India Limited.

The corporation has provisionally joined the multi-billion dollar silicone breast implant litigation settlement agreement. Union Carbide's contribution to the settlement will be \$138 million over the next several years. The corporation has previously taken before-tax charges aggregating \$35 million for this litigation. Although insurance coverage is subject to issues as to scope and application of policies, retention limits, exclusions and policy limits, and the insurers have reserved their rights to deny coverage, the corporation believes that after probable insurance recoveries, the settlement will not have a material effect on the company's earnings in the future. The corporation was not a manufacturer of breast implants but did supply generic bulk silicone materials to the industry.

The settlement is subject to fairness hearings and possible challenges that might delay implementation or require settlement terms to be reconsidered. Both the corporation and the other companies which are parties to the agreement have the right to withdraw from the settlement if, in their individual judgment, there are too few recipients of breast implants covered by the final settlement.

In addition to the above, the corporation and its consolidated subsidiaries are involved in a number of legal proceedings and claims with both private and governmental parties. These cover a wide range of matters including, but not limited to: product liability; governmental regulatory proceedings; health, safety and environmental matters; employment; patents; contracts and taxes. In some of these legal proceedings and claims, the remedies that may be sought or damages claimed are substantial.

While it is impossible at this time to determine with certainty the ultimate outcome of any legal proceedings and claims referred to in this note, management believes that adequate provisions have been made for probable losses with respect thereto and that such ultimate outcome, after provisions therefor, will not have a material adverse effect on the consolidated financial position of the corporation but could have a material effect on consolidated results of operations in a given quarter or year. Should any losses be sustained in connection with any of such legal proceedings and claims, in excess of provisions therefor, they will be charged to income in the future.

DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS
AND FINANCIAL CONDITION

Overview

The corporation reported second quarter, 1994 net income available to common stockholders of \$70 million, or \$0.44 per share primary (\$0.42 per share fully diluted). For the first six months of 1994 net income available to common stockholders was \$131 million, or \$0.83 per share primary (\$0.79 per share fully diluted).

For the corresponding quarter in 1993 the corporation reported earnings of \$38 million, or \$0.24 per share primary and fully diluted. For the first six months of 1993 the corporation had a loss of \$19 million, or \$0.14 per share primary, which included a noncash after-tax charge of \$97 million, or \$0.66 per share primary, for the adoption of FAS 112. Excluding the accounting change, net income available to common shareholders was \$78 million, or \$0.52 per share.

The earnings improvement quarter to quarter resulted from higher volumes for the corporation's key products, and higher prices for high density and linear low density polyethylene. Also contributing were continued good results from licensing activities, lower overhead and improved results from the UCAR International joint venture.

While the first six months of 1994 have shown considerable improvement over the corresponding period in 1993, the corporation is uncertain whether a sustained upturn in the industry has begun. Prices and margins may come under pressure by the end of 1994, for one or more quarters, as additional ethylene and derivatives capacity comes on line.

Results of Operations

Sales decreased 5 percent in the second quarter of 1994 and also for the first six months of the year over the previous year's comparable periods largely due to the absence of sales from the Organosilicon (OSi) specialty chemicals business, sold in July, 1993. Excluding OSi from those same periods, sales rose 2 percent as volumes for the corporation's key products improved.

The corporation's variable margin for the second quarter of 1994 was 45.2 percent, higher than the 44.6 percent in the second quarter of 1993. For the first six months of the year variable margin ran at 45.9 percent versus 46.0 percent last year. Excluding the higher margin OSi products from the 1993 totals, variable margin in 1993 for the second quarter was 43.4 percent and for the first six months was 44.9 percent. Gross margin for the second quarter of 1994 improved to 23.0 percent from 22.1 percent in the second quarter of 1993. For the six month period ending June 30, 1994 gross margin was 23.5 percent versus 23.6 percent in the comparable period in 1993. When excluding the OSi business for 1993, gross margin in the second quarter was 20.8 percent and for the first six months, 22.6 percent. Selling, administration and other expenses continued to fall over comparable periods, even after considering the absence of the OSi business.

Partnership income rose slightly in the second quarter of 1994 over the same period in 1993; on a comparable six month basis it was \$20 million ahead of 1993's pace. Other expense (income)-net in the second quarter of 1993 contained a \$9 million before tax loss on the sale of the corporation's investment in Vitaphore Inc. In the first six months of 1994 the corporation recorded the following items within other expense (income) - net: a \$24 million charge for the write-off of its investment in India and associated costs; a \$12 million charge on the proposed sale of the corporation's uranium mill and certain uranium mines to Energy Fuels, Ltd.; and a \$24 million gain on the sale of its preferred stock investment in OSi Specialties, Inc.

Interest expense rose slightly in the second quarter of 1994 over 1993 due to rising interest rates.

Earnings from the corporation's investments carried at equity continued to show strong improvement on a comparative basis for the quarter and first six months of 1994, with UCAR International, Inc. being the major contributor.

Estimates of future expenses related to environmental protection for compliance with Federal, state and local laws regulating solid and hazardous wastes and discharge of materials to air and water, as well as for waste site remedial activities, and of future capital expenditures relating to environmental protection, have not changed materially since December 31, 1993. The reliability and precision of the loss estimates are affected by numerous factors, such as different stages of site evaluation, the allocation of responsibility among potentially responsible parties and the assertion of additional claims.

The corporation has provisionally joined the multi-billion dollar silicone breast implant litigation settlement agreement. This litigation is discussed in more detail in the "Commitments and Contingencies" footnote to the financial statements on pages 8 and 9 of this report on Form 10-Q.

Financial Condition - June 30, 1994

Cash flow from operations rose \$10 million in the first six months of 1994 over the comparable period in 1993 due to improved operating results. A decrease in the corporation's overheads coupled with improvement in volumes for its key products contributed to this increase.

Cash flow used for investing for the first six months of 1994 of \$107 million was \$19 million lower compared to the similar period in 1993. Included through June 30, 1994 were proceeds of \$86 million from the sale of the corporation's preferred stock investment in OSi Specialties, Inc. Capital spending increased by \$40 million primarily on new projects, including the UNIPOL II unit at the Star, LA plant and the butanol unit at the Taft, LA plant, and an investment in a Brazilian ethylene company. On August 1, 1994 the corporation and EniChem SpA jointly announced their intention to form a joint venture to produce and market polyethylene in Europe. The corporation expects its cash investment to total approximately \$200 million and be financed through operations and short-term borrowings.

Through June 30, 1994 cash flow used for financing was \$43 million compared to \$69 million in 1993. In 1994 the corporation repurchased \$90 million in common stock and redeemed its 5.3 percent sinking fund debentures due 1997 for \$26 million. These actions were financed through operations and short-term borrowings. In the first six months of 1993, the corporation redeemed for cash \$12 million in senior debentures and \$84 million of the outstanding \$345 million 7.5 percent convertible debentures, of which the remaining \$261 million was converted into common stock. The 1993 redemptions were financed through a two-part public debt offering totaling \$300 million.

During the first half of 1994, the corporation terminated substantially all of its financial instruments used as hedges to manage exposure to financial market risk caused by interest rate fluctuations. A net charge of \$19 million (\$13 million after tax) resulting from such terminations is deferred and will be amortized to interest expense over the remaining terms of the underlying instruments, which had various maturity dates through the year 2002. The corporation also unwound its positions in financial instruments which were designed to reduce earnings fluctuations due to business conditions. During the first half of 1994, the corporation recorded a net charge of \$4 million after tax relating to these activities.

The corporation's ratio of debt to capital increased to 41.5 percent at June 30, 1994 from 40.3 percent at December 31, 1993. At June 30, 1994 there were no outstanding borrowings under the existing major bank credit agreement of \$600 million.

Cash dividends to UCC common stockholders amounted to \$57 million.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

See Note 4 to the corporation's consolidated financial statements on page 8 and 9 of this 10-Q Report.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

The following exhibit is filed as part of this report:

11 - Computation of Earnings Per Share.

- (b) No reports on Form 8-K were filed for the three-months ended June 30, 1994. The corporation's Form 8-K dated August 3, 1994 reported the joint announcement by the corporation and EniChem SpA of their intention to form a joint venture to produce and market polyethylene in Europe.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNION CARBIDE CORPORATION
(Registrant)

Date: August 11, 1994

By: JOHN K. WULFF
John K. Wulff
Vice-President, Controller
and Principal Accounting
Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Exhibit</u>	<u>Page No.</u>
11	Computation of Earnings Per Share	16

<TABLE>

Exhibit 11

UNION CARBIDE CORPORATION AND SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE
(In millions of dollars except per share amounts)

<CAPTION>

	<u>Quarter Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>1994</u>	<u>1993</u>	<u>1994</u>	<u>1993</u>
Earnings Per Share - Primary				
<S>	<C>	<C>	<C>	<C>
Income	\$ 73	\$ 41	\$ 136	\$ 83
Less: Preferred stock dividend	4	4	7	6
Net income available to common stockholders for primary income calculation	69	37	129	77
Cumulative effect of accounting change	-	-	-	(97)
Net income (loss) - common stockholders	<u>\$ 69</u>	<u>\$ 37</u>	<u>129</u>	<u>\$ (20)</u>
Weighted average number of common and common equivalent shares applicable to primary earnings per share calculation				
Weighted average number of shares outstanding	151,151,303	151,330,903	151,106,994	144,186,411
Dilutive effect of stock options	4,062,767	3,620,713	4,014,959	3,566,474
	<u>155,214,070</u>	<u>154,951,616</u>	<u>155,121,953</u>	<u>147,752,885</u>
Earnings per share - primary				
Income	\$ 0.44	\$ 0.24	\$ 0.83	\$ 0.52
Cumulative effect of accounting change	-	-	-	(0.66)
Net income (loss) - common stockholders	<u>\$ 0.44</u>	<u>\$ 0.24</u>	<u>\$ 0.83</u>	<u>\$ (0.14)</u>
Earnings Per Share Assuming Full Dilution				
Income	\$ 73	\$ 41	\$ 136	\$ 83
Plus: Interest on convertible debentures - (net of taxes)	-	-	-	4
Less: Additional ESOP contribution resulting from assumed conversion of preferred stock	-	-	-	-
Income for fully diluted income calculation	73	41	136	87
Cumulative effect of accounting change	-	-	-	(97)
Net income (loss) for fully diluted income calculation	<u>\$ 73</u>	<u>\$ 41</u>	<u>136</u>	<u>(10)</u>
Weighted average number of common and common equivalent shares applicable to fully diluted earnings per share calculation				
Weighted average number of shares outstanding	151,151,303	151,330,903	151,106,994	144,186,411
Dilutive effect of stock options	4,077,109	3,669,874	4,229,726	3,887,989
Shares issuable upon conversion of UCC convertible debentures	-	-	-	9,040,165
Shares issuable upon conversion of UCC convertible preferred stock	16,563,259	16,828,734	16,606,148	16,843,164
	<u>171,791,671</u>	<u>171,829,511</u>	<u>171,942,868</u>	<u>173,957,729</u>
Per share assuming full dilution				
Income	\$ 0.42	\$ 0.24	\$ 0.79	\$ 0.50
Cumulative effect of accounting change	-	-	-	(0.56)
Net income (loss)	<u>\$ 0.42</u>	<u>\$ 0.24</u>	<u>\$ 0.79</u>	<u>\$ (0.06) *</u>

<FN>

* Fully diluted per share amounts are not presented in the Condensed Consolidated Statement of Income where amounts are antidilutive.

</TABLE>